

STATE AGRICULTURE DEVELOPMENT COMMITTEE
May 27, 2010

Summary of Changes to the SADC Appraisal Handbook – 2010

1. Page 9: Zoning as a Valuation Factor:

Statement Added: The Highlands Water Protection and Planning Act enacted on August 10, 2004 provides for the appraisal of certain properties in the Farmland Preservation Program under the hypothetical condition that the subject property is subject to zoning and any state environmental laws or NJDEP environmental rules and regulations that are in place as of January 1, 2004 on a statewide basis. This provision expired as of June 30, 2009. At this time, the legislature is deliberating extending this provision to all or part of the State. Therefore, it is the SADC's opinion that the various contracting agencies ordering appraisals in the Farmland Preservation Program may continue to order appraisals under the dual appraisal provision, but the SADC will only certify appraisals under current zoning and environmental regulations. Appraisers should consult with the contracting agency and the Appraisal Order Checklist on each assignment for instructions. Appraisals waiving the current zoning and environmental regulations valuation will not be accepted.

Reason: To clarify the procedure for valuing properties that are not subject to the dual appraisal analysis at this time.

2. Page 13: Residential Opportunities (e) ii exceptions :

Note Added: Typically there is no requirement to subdivide a severable exception prior to or after the deed of easement is executed. In individual cases however, the grantee (county or non-profit) may require the landowners to subdivide prior to closing on the deed of easement. The appraiser should be aware of any such conditions.

Also added in the ensuing paragraph, the examples of commercial and industrial in describing what impacts from exceptions are to be considered to the property.

Paragraph

All exceptions, both severable and non-severable, shall be considered to determine the impact on the restricted /after value. Specifically, if the purpose of the exception is for residential development the appraiser is required to consider this as a residential opportunity to the restricted farm. If the intention of the exception is for some other purpose, the impact of the intended purpose (**commercial, industrial**, non-agricultural uses, rights of ways, equestrian trails etc.) should be considered as to its effect on the deed-restricted farm.

Reason: Further clarification of how exceptions should be treated.

3. Page 20: Appraisal Format :

Statement Added: The original appraisal report and all copies must contain color exhibits and be securely bound at the spine.

Reason: SADC is receiving more and more copies of appraisals with Black and White photos and other exhibits and clipped together with a binder clip.

4. Page 23: Soils Characteristics

Statement Added: NRCS offers the websoil survey, <http://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx> online. Appraisers should rely on this website for all soils data that is not provided to them by the contracting agency, including comparable sales data, which is not likely to be supplied to the appraisers.

Reason: Provided for Informational Purposes

5. Page 36 - Appraisal Order Checklist:

Change #1:

III. Federal Farm and Ranch Land Protection Funding

A. Will Federal Funding be used in the preservation of this farm:

Yes___ No ___

If “yes”, only appraisers on list of qualified Federal Farmland Appraisers and have had Yellow Book Training will be permitted to appraise the property. Valuation under current existing zoning and environmental regulations shall be conducted strictly to Yellow Book Standards.

Changed To:

III. Federal Farm and Ranch Land Protection Funding

A. Will Federal Funding be used in the preservation of this farm:

Yes___ No ___

**Impervious cover limitation ___ Acres or ___ % of premises
Yellow Book Compliant or USPAP Yellow Book___ USPAP___**

If “Yellow Book”, only appraisers on list of qualified Federal Farmland Appraisers and have had Yellow Book Training will be permitted to appraise the property. Valuation under current existing zoning and environmental regulations shall be conducted strictly to Yellow Book Standards.

Under both Yellow Book and USPAP, the appraiser should identify the USDA NRCS (Natural Resource Conservation Service) as a user of the appraisal, identify the appraisal as being of surface rights only, and identify the impervious cover restriction on the preserved farm and impact on value if any. All adjustments should be market based and explained completely. The appraisal of the farm as preserved (After Value) must be identified as a hypothetical condition.

Reason: To address the shift in FRPP policy requiring all appraisals in that program to be done according to UASFLA (Yellow Book) standards to allow USPAP standards.

? **Change #2:**

Appraiser is required to appraise this property under:

Current zoning **X** **Zoning Code (s)**

? Zoning and environmental conditions in place as of 1/1/04 ____

Zoning Code(s) _____

To: Appraisal Instruction:

Appraiser is required to appraise this property under:

? Current zoning **X** **Zoning Code (s)**

? Zoning and environmental conditions in place as of 1/1/04 **Yes** ____ **No** ____

o **Zoning Code(s)** _____

The dual appraisal provision of the Highlands Act sunset on June 30, 2009. Whereas the provision is not currently applicable, this does not preclude the ordering entity (County, Municipality, Non-Profit, SADC) from appraising the application under both “current” and “1/1/04” zoning in the event the Legislature makes this provision available again in the future.

Reason: To address the current policy regarding the treatment of the dual appraisal provision of the Highlands Act.